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DE RUEHKO #3015/01 3030757
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FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 8363
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 6095
RUEHBY/AMEMBASSY CANBERRA PRIORITY 2833
RUEHLM/AMEMBASSY COLOMBO PRIORITY 0649
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C O N F I D E N T I A L SECTION 01 OF 04 TOKYO 003015

SIPDIS

E.O. 12958: DECL: 10/29/2018

TAGS: [PREL](#) [PARM](#) [ECON](#) [EAID](#) [ENRG](#) [MARR](#) [TSPA](#) [SENV](#) [KGHG](#)

KSCA, KNNP, KUNR, XB, IN, JA

SUBJECT: JAPANESE PLEASED WITH VISIT OF INDIAN PM SINGH

REF: TOKYO 2794

Classified By: Ambassador J.Thomas Schieffer for reasons 1.4(b) and (d)

¶1. (C) SUMMARY: Japanese officials are pleased with Indian Prime Minister Manmohan Singh's October 21-23 visit to Tokyo.

The primary objective of the visit was to solidify and move forward with the "Strategic and Global Partnership" between India and Japan. The visit's major deliverable was the commitment by Japan to grant an approximately 450 billion yen loan (USD 4.5 billion) to India to help construct a freight railway corridor between New Delhi and Mumbai. This loan will constitute the largest Official Development Assistance (ODA) loan for a single project in Japan's history. The two prime ministers also signed a "Joint Declaration on Security Cooperation between Japan and India." Although Japan has signed similar declarations with only the United States and Australia, MOFA officials downplayed its significance, stating that "it contains nothing new." Other key issues addressed during the visit included the status of an Economic Partnership Agreement, climate change, nuclear power and energy issues, United Nations Security Council reform, regional architecture, and the global financial crisis. END SUMMARY.

JAPAN-INDIA "ANNUAL" SUMMIT

¶2. (C) Other than a cursory meeting July 9 between Prime Minister Singh and former Prime Minister Fukuda on the margins the Lake Toya Hokkaido G-8 Summit, the October 22 meeting between Singh and Prime Minister Taro Aso marked the first substantive summit meeting since former Prime Minister Abe visited India in August 2007. According to the Joint Statement signed by both leaders, such meetings are now to take place annually. MOFA Southwest Asia Division Principal Deputy Director Aya Yoshida confirmed to political officers that there is now an agreement setting forth a rotating annual summit schedule. Accordingly, the 2009 meeting will

be held in New Delhi. Notably, Singh is the first foreign head of government to visit Japan since Aso assumed the prime ministership. Yoshida also explained that the Japanese wanted to signal that their relationship with India remains strong in spite of recent differences of opinion in the Nuclear Suppliers Group (NSG) about the U.S.-India civil nuclear deal.

HUGE ODA LOAN

13. (C) The centerpiece of the visit was the announcement by Japan of a 450-billion yen (USD 4.5 billion) ODA loan for the western corridor of the Dedicated Freight Corridor (DFC) project -- the "flagship project" of Japan-India cooperation.

The loan -- which is the largest ever made for a single project in Japanese ODA history -- will finance engineering services for the first phase of the project. According to Yoshida, the loan will utilize Japan's Special Terms of Economic Partnership scheme, meaning that much of the work will be done by Japanese firms. The DFC project is linked to the Delhi-Mumbai Industrial Corridor Project (DMIC). The concept is to construct a high-speed electrical railway for freight between Delhi and Mumbai, which will serve as the spine for business and industrial centers bringing new infrastructure, investment, and economic prosperity to the areas in the corridor. Yoshida said that in addition to participating in the design and construction of the project, existing Japanese enterprises in the corridor area will

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benefit from the new avenue to move their goods and products.

JOINT DECLARATION ON SECURITY COOPERATION

14. (C) Another significant outcome of the summit was the "Joint Declaration on Security Cooperation between Japan and India." However, according to Yoshida, the areas for cooperation listed in the declaration break no new ground and have already been agreed to, although in not such a formal document. MOFA negotiated the agreement some time ago, she said, and while the Ministry of Defense and other involved ministries were consulted during the drafting process, they did not play a direct role in forging the declaration. In fact, neither PM Singh nor any member of his delegation met with the Ministry of Defense during the visit. Yoshida also sought to underline that great care was taken to not make it seem as if Japan-India security cooperation is aimed at China.

15. (C) Yoshida was at a loss to explain why the declaration was necessary if it doesn't signify any new developments. In response to a question about whether Prime Minister Aso might be seeking to resurrect former Prime Minister Abe's U.S.-Australia-Japan-India "quad" idea, she replied that MOFA has not received any instructions from the Prime Minister's office to revisit this initiative. (COMMENT: It may be that the Japanese desired to enter into such a visible but allegedly "inconsequential" security arrangement with India in order to highlight the fact that its relationship with India is more "strategic" and "global" than the India-China relationship. END COMMENT.)

16. (C) According to the declaration, the two countries agreed to a comprehensive framework for the enhancement of security cooperation, to include: consultations at the Ministerial, Vice Ministerial, and Director General levels in both MOFA and MOD; military and student/researcher exchanges; consultations at the National Security Advisor level; Coast Guard cooperation; bilateral consultation on counter-terrorism cooperation; information sharing on suspicious financial transactions; cooperation on developing a tsunami disaster map in India; capacity building through information sharing on disaster prevention and preparedness;

and cooperation between the Japan Aerospace Exploration Agency (JAXA) and the Indian Space Research Organization (ISRO) in the field of disaster management.

17. (C) COMMENT: With regard to cooperation between JAXA and ISRO, Embassy Tokyo's NASA Attache reports that in a relatively new "Space Diplomacy" program over the past few years, MOFA has been urging JAXA to be more active in Asia, particularly with regard to India and Southeast Asia. JAXA has set up an office to promote the use of their satellite data in Southeast Asian countries; data which includes free data and JAXA technical expertise on how to use it for things like flood prevention. They have also started offering opportunities to conduct science experiments in their lab on the Space Station on behalf of other partners in the region, for example, South Korea and Malaysia. India is more advanced than other countries in the region, so the two sides are discussing building a joint satellite for disaster monitoring, with data shared around the region. NASA Attache believes this has been one of JAXA's most successful programs, with true benefits to the countries in the region and a resulting positive view of JAXA. China is pointedly not included. END COMMENT.

ENERGY ISSUES, NUCLEAR POWER, AND CLIMATE CHANGE

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18. (C) The two leaders agreed to accelerate cooperation on energy efficiency and conservation issues as set forth in the last summit in August 2007. Aso and Singh also agreed that the Energy Ministers will exchange views and information on nuclear energy policies. With regard to India's nuclear program and the recent U.S.-India nuclear accord, Japan finds itself caught between two of its bedrock policy imperatives: non-proliferation and climate change. For example, Aso agreed with Singh that nuclear power can play an important role in providing safe, sustainable, and non-polluting energy. At the same time, Aso stressed Japan's strongly-held view that international disarmament and non-proliferation efforts must be reinforced. According to Yoshida, PM Aso did not want the nuclear issue to become contentious and did not touch on sensitive issues already discussed at Nuclear Suppliers Group meetings. That said, Aso emphasized that India must have a clear commitment to non-proliferation. Specifically, before Japan can begin to consider providing nuclear technology to India, India must clearly affirm that it will not again test a nuclear weapon. Yoshida said Tokyo realizes this will be a difficult condition for India to meet, and hinted that perhaps the Japanese position could soften over time.

19. (C) Major Japanese companies including Toshiba, Hitachi and Mitsubishi Heavy Industries, all want a piece of the Indian nuclear power plant market and are frustrated that they cannot move forward to compete for contracts, according to press reports. PM Singh told PM Aso that he understands Japan's sensitivity and that India will move forward with Japan at a pace that Japan is comfortable with, Yoshida said. (Note: Embassy contacts at MOFA's International Nuclear Energy Cooperation Division confirmed the Japan has no plans to proceed with negotiations on a nuclear cooperation agreement with India at this point. End Note.)

110. (C) India continues to reject binding greenhouse gas emission or energy intensity targets, such as those suggested by Japan in its UNFCCC submission (reftel), and still has strong reservations about sector specific targets, Yoshida continued. According to the Joint Statement, the Indian side welcomed the various initiatives taken by Japan, and Aso and Singh expressed support for the Bali Action Plan and the principle of common but differentiated responsibilities and respective capabilities. They reaffirmed the desirability for the UNFCCC parties to adopt a long-term goal for reducing

global emissions and pledged to cooperate closely in this regard toward COP-15 next year. According to MOFA Climate Change Division Director Kenichi Kobayashi, who characterized the talks as "basic," although Japan sought India's understanding of Japan's UNFCCC proposal, the talks did not break new ground.

ECONOMIC ISSUES

¶11. (C) The two Prime Ministers expressed satisfaction with the growth in bilateral trade, which is expected to reach USD 20 billion by 2010. They also welcomed substantive progress toward achieving an Economic Partnership Agreement. However, Yoshida confirmed that the Japanese side had hoped to be able to announce an EPA at the summit and was disappointed that last-minute negotiations had failed to close a deal. She said that MOFA, which has the lead in the negotiations, remains cautiously optimistic that a deal can be reached by the end of the year, but said that there are still "technical issues" to be resolved.

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¶12. (C) With regard to the current financial crisis, Aso and Singh shared the view that India and Japan should continue discussions on promoting global and regional economic stability and growth. They touched on the effect of high oil prices and rising food prices, and discussed the current status of the WTO Doha Development Agenda, reaffirming their will to continue to cooperate towards an early and successful conclusion of the negotiations with a balanced and comprehensive outcome.

OTHER ISSUES

¶13. (C) Some of the other issues addressed by the two Prime Ministers included the following:

-- Regional Architecture: the leaders reaffirmed their support for the East Asia Summit as an open, inclusive, transparent and Leaders-led forum to promote cooperation on issues of common interest and to deepen regional economic integration, and welcomed the establishment of the Economic Research Institute for ASEAN and East Asia;

-- United Nations: they shared the view that the reform and expansion of the Security Council are central to the process of a comprehensive reform of the UN;

-- Technology: the leaders noted progress made in bilateral consultations on high tech exchanges and pledged to continue to promote such trade while addressing matters relating to their respective export control systems. They also promised enhanced cooperation in the field of information and communication technology, including research collaboration and the introduction of wide-band wireless technology. Finally, they agreed to move forward with the development of the Indian Institute of Information Technology, Design and Manufacturing at Jabalpur, as well as possible collaboration in establishing a new Indian Institute of Technology in Hyderabad.

ATMOSPHERICS

¶14. (C) Yoshida characterized the relationship between the two Prime Ministers as friendly and warm, and said their formal meeting lasted 90 minutes. In addition to meeting with PM Aso, Singh was also called upon by Minister of Economy, Trade and Industry Toshihiro Nikai and New Komeito Party leader Akihiro Ota, and had breakfast with former Prime

Ministers Abe and Mori. One glitch occurred when Democratic Party of Japan leader Ichiro Ozawa canceled his call on Singh at the last moment, allegedly due to health reasons -- the DPJ was represented by Secretary General Yukio Hatoyama instead.

SCHIEFFER